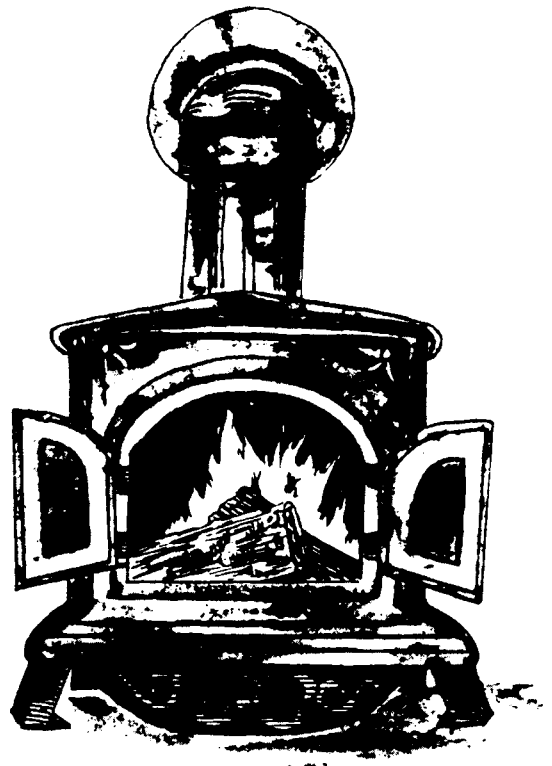


# 1998 MICHIGAN Home Heating Credit Claim MI-1040CR-7

**The deadline for filing your 1998 home heating credit is September 30, 1999.**

**The filing of an extension for income taxes does not extend the due date for the home heating credit.**



## IMPORTANT NEWS FOR 1998

Michigan's home heating credit is funded through federal Low-Income Home Energy Assistance Program Grants. Because the amount of money Michigan receives from this grant varies every year, your credit may be larger or smaller than the credit you received last year.

This booklet contains forms and instructions on how to file and calculate your home heating credit. Please read these instructions carefully. The request for your Social Security number(s) is authorized under USC Section 42. Social Security numbers are used by the Department of Treasury to conduct matches against benefit income provided by the Social Security Administration and other sources to verify the accuracy of the home heating and property tax credit claims filed and to deter fraudulent filing(s). For tax year 1998, you will not be able to apply your home heating credit to your income tax liability.

If you currently receive Family Independence Program assistance (FIP) or other public assistance, you may claim a home heating credit if you owned or rented a homestead in 1998. If you owned or rented only part of the year, you must prorate your credit. See instructions for a part-year owner or renter on page 4.

If you receive FIP assistance, State Family Assistance (SFA) or State Disability Assistance (SDA) and your heat is vendored through the Family Independence Agency (FIA), by law Treasury must send your credit directly to your heat provider.


If, at the time you file this claim, your heating costs are included in your rent or your heat service is in someone else's name, your credit must be reduced by 50 percent. Your credit will be issued to you as a check, rather than an energy draft (see lines 4 and 36 of the enclosed form MI-1040CR-7).

If you file an income tax return (form MI-1040), do not staple your home heating credit claim to the MI-1040. Instead, fold it and leave it loose in the envelope.

If you file a property tax credit claim (forms MI-1040CR or MI-1040CR-2) without an MI-1040, you may staple your home heating credit claim to the property tax credit claim form.

If you are eligible to receive a check for your home heating credit claim, you may request that it be deposited directly into your account at a financial institution by filing a *Direct Deposit of Refund* (form 3174), which is in the MI-1040 instruction booklet. Claimants receiving a heat draft are not eligible for direct deposit.

*Issued under P.A. 281 of 1967. Filing is voluntary.  
This booklet is meant only to help you prepare your credit claim.  
It does not take the place of the law.*

 Printed on 100% recycled paper. Please recycle this booklet.

## Web Site

Visit our Treasury web site on the Internet at:  
[www.treas.state.mi.us](http://www.treas.state.mi.us)



## For Help Call -- 1-800-487-7000

Call this number for answers to your questions about Michigan income tax and the various credit forms. Staff is available to take your call between 8 a.m. and 5 p.m. (Mon. - Fri.). During tax processing season (February - April) staff is available between 7 a.m. and 7 p.m. (Mon. - Fri.). Individuals answering these toll-free lines will answer specific questions on the preparation of the income tax forms and various credit forms. **Refund status information will not be given at this number (see next column).**



**Deaf, hearing or speech impaired persons** using a Text Telephone for the Deaf (TTY) should call 517-373-9419 for assistance. This number is reserved for persons using a TTY. Other persons calling this number will be directed to call the toll-free phone number.

If you need help completing your credit form, contact your local senior citizen center or community service agency to find out if there is a volunteer tax assistance program available. You may also want to contact your local library to see if it has a copy of the tax preparation video that was distributed to libraries throughout the state.

## Michigan Tele-Help System -- 1-800-827-4000



**Tele-Help** is an automated system of informative recordings about income tax and property tax credit topics.

Call 1-800-827-4000 anytime and listen for the Tele-Help instructions. This number operates 24 hours every day.

### Tele-Help code numbers and topics

#### General Income Tax Information

- 111 Where to go for help
- 121 To get a copy of your return
- 131 Refund offsets
- 141 Who must file an income tax return and how to file
- 151 Other:
  - Deceased taxpayers
  - Residency
- 192 Direct deposit

#### Credit Information

- 311 Homestead Property Tax Credit
- 321 List of special situations for property tax credits
- 331 Home Heating Credit
- 341 Senior Citizen Prescription Drug Credit
- 351 The difference between household income and adjusted gross income
- 361 Farmland Preservation Credit

#### Miscellaneous Information

- 411 Homestead Exemption Affidavits

## How To Get Forms --

**1-800-FORM-2-ME (367-6263)**

This number may be called 24 hours a day. Tell our computerized forms message system what you need and we will mail your forms. Forms are also available at all Treasury offices listed on page 12. Commonly used forms are available at Michigan Secretary of State offices, many libraries, post offices and financial institutions. Forms are also available on our web site.

## Michigan Tax Forms By Fax 517-241-8730



Call from a fax phone to have Michigan tax forms sent to your fax machine 24 hours a day/365 days a year.

## To Check On Your 1998 Credit 1-800-827-4000

Allow at least eight weeks for the processing of your 1998 credit before calling the Computerized Refund Information System (CRIS). You must have the primary filer's Social Security number and household income to get refund information. This number may be called 24 hours a day. CRIS will allow you to check on your credit every seven days.

If your claim is selected for review, CRIS will tell you to allow an additional eight weeks for the processing of your credit.

If you receive Family Independence Program assistance (FIP), State Family Assistance (SFA) or State Disability Assistance (SDA) and your heat is directly vendored, Treasury will send your credit directly to your heat provider.



## When You Have FINISHED

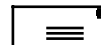
Please review your return for the following **common errors** that may delay your refund:

- using a label with incorrect information
- illegible writing
- transposing numbers in the Social Security number
- entering figures on wrong lines
- computation errors
- failing to report total household income from all sources, both taxable and nontaxable
- failing to reduce the heating credit by 50 percent when heat is included in your rent or is in someone else's name
- **failing to complete the computation of your credit on lines 31 and 32 on the front of your home heating credit form.**

**Before you mail your claim,** review it carefully and make sure it is complete.

**Mail your claim to:**

**Michigan Department of Treasury  
Lansing, MI 48956**



# GENERAL INFORMATION

## Who May Claim a Credit

This credit helps low income families pay heating costs for their homes. To see if you may claim a credit, answer the following questions:

1. Are you a full-time student who is claimed as a dependent on another person's income tax return?
2. Did you live in a licensed care facility for the entire year? (See "Licensed Care Facilities" on page 4.)

If you answered YES to either of these questions, you CANNOT claim a home heating credit. If you answered NO to BOTH questions, you may claim a credit if:

- your homestead is in Michigan,
- you own or rent the home where you live (if you rent, be sure to answer line 4 on the form), AND
- your income is within the income limits listed on the eligibility charts on the back of the MI-1040CR-7 form.

**Note:** You may no longer file a home heating credit claim for tax years 1996 and 1997.

## When to File

If you do not have to file a *Michigan Income Tax Return* (MI-1040), file your home heating credit claim as soon as you know your household income for 1998. File before April 15, 1999 to receive priority in processing.

**The final date for filing a 1998 home heating credit is September 30, 1999. The filing of an extension for income taxes does not extend the due date for the home heating credit or prescription drug credit.**

## Exemptions

You may claim one exemption for each of the following:

- yourself, unless you are eligible to be claimed as a dependent on someone else's return,
- your spouse,
- your children who live with you, even if their support comes from Family Independence Program assistance (FIP) or someone else. If you do not have custody of your children, you cannot claim them on your MI-1040CR-7, even if you can claim them on your MI-1040,
- any other dependent who lives with you **and for whom you provided more than half their support.**

You can claim additional exemptions for each special condition that applies to you or your spouse. If one spouse qualifies, claim 1; if both qualify, claim 2. Special exemptions are for age (65 or over), deafness, blindness and certain disabilities. If either you or your spouse receives unemployment compensation greater than 50 percent of

your combined federal adjusted gross income (AGI), you may claim ONE additional exemption. See instructions for line 11 on page 5.

## Deceased Claimants

If your spouse died in 1998, use the same number of exemptions you would have used had your spouse lived all year.

If the personal representative files a claim for a deceased person, use the standard allowance and prorate for the number of days from January 1 until the date of death. Follow the directions on page 4 for prorating the credit for a part-year owner or renter.

## Household Income

Household income is the total income of both spouses or a single person maintaining a household. It is your AGI, plus all income exempt or excluded from AGI.

### Household income does NOT include:

- stipends received by an enrolled participant in the **foster** grandparent or the senior companion program pursuant to the Domestic Volunteer Service Act of 1973.
- energy assistance grants or energy assistance tax credits.
- government payments to a third party, like a doctor. However, if payment is made from money withheld from your benefit, the payment is part of household income. For example, the Family Independence Agency (FIA) may pay your rent directly to the landowner.
- money received from a government unit to repair or improve your homestead.
- surplus food.
- state and local income tax refunds and your homestead property tax credits.
- chore service payments. These payments are income to the provider but not the person receiving the service.
- the first \$300 of income from gambling, bingo, lottery or prizes. For example, if you win \$500 in a church raffle, you must include \$200 of this in your household income.
- the first \$300 in gifts, cash or expenses paid on your behalf by a family member or friend.
- amounts deducted from Social Security or railroad retirement benefits for Medicare premiums.
- life, health and accident insurance premiums paid by your employer. But, if you pay medical insurance or Health Maintenance Organization (HMO) premiums for you or your family, you may deduct the cost from household income.

- the gain postponed on the sale of your personal residence. (Exception — see instructions for line 18 on page 6.)

## Special Provisions for Farmers

If you received a farmland preservation tax credit in 1998, you must include it in household income. You may subtract the business portion of your homestead property tax credit if you included it in taxable farm income.

## Licensed Care Facilities

Licensed care facilities include adult foster care homes, licensed homes for the aged, nursing homes and substance abuse treatment centers. If you lived in a licensed care facility only part of the year, you could qualify for a partial credit for the period you lived outside the facility. (See prorating instructions for a part-year owner or renter on this page.)

If your spouse lives in a licensed care facility and you live in the family homestead, you may still qualify for a credit. File a joint credit claim.

Subsidized senior citizen apartments are not licensed care facilities. If you live in a subsidized senior citizen apartment, you may apply for a credit.

## STANDARD CREDIT

The standard credit computation uses standard allowances established by law. Use Table A on the back of the form to find the standard allowance for your number of exemptions.

### Shared Housing Standard Allowance

If you share a home but are not the owner or you do not have a contract to pay rent, you cannot claim a credit.

When two or more single people share a home, each may claim a credit if each has contracted to pay rent or owns a share of the home. Each should file a home heating credit based on his or her household income and his or her share of the standard allowance. First, determine the standard allowance from Table A on the back of the form by adding the personal exemptions of all the claimants sharing a home. Then divide this standard allowance by the number of claimants in the home.

**Example:** Three men share an apartment. Each has a signed lease and pays 1/3 of the rent. The standard allowance for three exemptions is \$528. Each person must use a standard allowance of \$176 ( $\$528 \div 3 = \$176$ ) to compute his credit.

If you are eligible for a special exemption for age, deafness, blindness, disability or unemployment com-

pensation, compute your standard allowance following this example:

**Example:** Emma and Ruth share a home. Emma is age 60 and Ruth is age 65. They file separate MI-1040CR-7 claims. They must first divide \$420 (the standard allowance for two exemptions) by 2. Emma's allowance is \$210. Because Ruth qualifies for a special exemption for age, she may add the difference between the standard allowance for three (\$528) and the standard allowance for two (\$420) to \$210.

$$\$528 - \$420 = \$108 + \$210 = \$318$$

\$318 is the standard allowance for Ruth.

## Part-year Owner's or Renter's Standard Allowance

You must prorate your standard allowance for the number of days you owned or rented and occupied your Michigan homestead. For example, you moved to Michigan on Sept. 1. It is 122 days from Sept. 1 to Dec. 31. Divide 122 by 365 days and multiply the result by your standard allowance. Enter the prorated standard allowance on line 33 of your claim.

## ALTERNATE CREDIT

The alternate credit uses heating costs to compute a home heating credit. Add the amounts you were billed for heat from Nov. 1, 1997 through Oct. 31, 1998. See instructions for line 9 on page 5. If you buy bulk fuel (oil, coal, wood or bottled gas), add your receipts to get your total heating cost. Treasury may request receipts to verify your heating costs. **If your claim is for less than 12 months or your heating cost is currently included in your rent, you cannot claim an alternate credit.**

## CREDIT PAYMENTS

If you are directly responsible for your own heating costs, state law requires Treasury to issue your credit in the form of a State of Michigan Energy Draft. You can only use the draft to pay for heat. Give the draft to your enrolled heat provider who will apply it to current or future heating bills for your home. If the amount of your draft is more than what you owe your heat provider, you may request a refund of the difference by checking the box in the lower right corner of the draft. Your heat provider has 14 days to pay your refund, without interest.

If you receive a draft and your heat provider is not enrolled in Michigan's energy assistance program, or if you use bulk fuel and have already bought your energy supply for the year, return the draft with a note of explanation to Treasury. Treasury will review your

# MI-1040CR-7 MICHIGAN Home Heating Credit Claim

Issued under P.A. 281 of 1967. Filing is voluntary.

# 1998 CR-7

Sequence No. 08

<b>PLACE LABEL HERE</b>	▶ <b>1</b> Filer's First Name, Middle Initial and Last Name		▶ <b>2</b> Filer's Social Security Number	
	If a Joint Return, Spouse's First Name, Middle Initial and Last Name		▶ <b>3</b> Spouse's Social Security Number	
	Home Address (No., Street, P.O. Box or Rural Route)			
	City or Town	State	ZIP Code	

▶ **4** Are your heating costs currently included in your rent or is your heat service in someone else's name? If you check YES, you will receive a check (see line 36). If you check NO or leave blank, you will receive an **ENERGY DRAFT**. ☐ YES ☐ NO

▶ **5** Do you want your name and address referred to other government assistance programs you may qualify for? ☐ YES ☐ NO

▶ **6** If you live in one of these CARE facilities, check the box.  
A. ☐ Nursing Home                      B. ☐ Adult Foster Care Home  
C. ☐ Licensed Home for the Aged        D. ☐ Substance Abuse Center

▶ **7** Do you or your spouse now receive Supplemental Security Income (SSI)? ☐ YES ☐ NO

▶ **8** AGE. If you are age 60 or older, enter your age.                      A. You \_\_\_\_\_ B. Spouse \_\_\_\_\_

▶ **9** How much were you billed for heat between 11/1/97 - 10/31/98?    \$ \_\_\_\_\_ .00

▶ **10** County Code \_\_\_\_\_

▶ **11 Exemptions.** Check all boxes that apply and complete line 12 below.

	You	Spouse
Personal Exemption .....	▶ A. <input type="checkbox"/>	▶ B. <input type="checkbox"/>
Age 65 or older .....	▶ C. <input type="checkbox"/>	▶ D. <input type="checkbox"/>
Deaf .....	▶ E. <input type="checkbox"/>	▶ F. <input type="checkbox"/>
Disabled or Blind .....	▶ G. <input type="checkbox"/>	▶ H. <input type="checkbox"/>
Unemployment compensation greater than 50% of AGI .....		
How many boxes did you check?	▶ J. _____	
Number of children living with you:		
Ages 2 and under .....	▶ K. _____	
Ages 3 - 5 .....	▶ L. _____	
Ages 6 and older .....	▶ M. _____	
Dependent adults, other than your spouse, who live with you	▶ N. _____	
Add lines J through N .....	O. _____	

12. Enter below the name, Social Security number, relationship and age of the dependents you claimed (see line 11, K - N above).

Dependent's Name	Dependent's Relationship to You	Social Security Number	Age in Years
a. _____	_____	_____	_____
b. _____	_____	_____	_____
c. _____	_____	_____	_____
d. _____	_____	_____	_____
e. _____	_____	_____	_____

**Be sure to include income from both spouses.**

13. Wages, salaries, tips, sick, strike and SUB pay, etc .....	13. _____ .00
14. All interest and dividend income (including nontaxable interest) .....	14. _____ .00
15. Net rent, business or royalty income .....	15. _____ .00
16. Retirement pension and annuity benefits. Name of payer: _____	16. _____ .00
17. Net farm income .....	17. _____ .00
18. Capital gains less capital losses (see page 6) .....	18. _____ .00
19. Alimony and other taxable income (see page 6). Describe: _____	19. _____ .00
20. Social Security, Supplemental Security Income (SSI) or railroad retirement benefits .....	▶ <b>20.</b> _____ .00
21. Child support .....	21. _____ .00
22. Unemployment compensation and trade readjustment allowance (TRA) benefits .....	▶ <b>22.</b> _____ .00
23. Other nontaxable income (see page 6). Describe: _____	23. _____ .00
24. Workers' compensation, veterans' disability compensation and pension benefits .....	24. _____ .00
25. FIP and other FIA benefits .....	▶ <b>25.</b> _____ .00
26. <b>Subtotal.</b> Add lines 13 - 25 .....	26. _____ .00
27. Other adjustments (see page 6). Describe: _____	27. _____ .00
28. Medical insurance or HMO premiums you paid for you and your family .....	28. _____ .00
29. Add lines 27 and 28 .....	29. _____ .00
30. <b>HOUSEHOLD INCOME.</b> Subtract line 29 from line 26 (If a negative amount, enter "0".) .....	▶ <b>30.</b> _____ .00

**Go to page 2 and complete lines 33-41 (Standard and Alternate Home Heating Credit Computations)**

31. Enter the amount from line 41 on the back of this form here .....	31. _____ .00
32. <b>HOME HEATING CREDIT.</b> Multiply the amount on line 31 by 82% (.82) .....	▶ <b>32.</b> _____ .00

**You must file this claim by September 30, 1999 to receive your credit.**  
[www.treasury.state.mi.us](http://www.treasury.state.mi.us)

**Standard and Alternate Home Heating Credit Computations**

33. **STANDARD CREDIT.** Standard allowance (from Table A) ..... 33. \_\_\_\_\_ .00
34. Multiply household income (line 30) by 3.5% (.035) ..... 34. \_\_\_\_\_ .00
35. Subtract line 34 from line 33 for standard credit amount.  
If line 34 is greater than line 33, enter "0" ..... 35. \_\_\_\_\_ .00
36. If you answered "yes" to line 4 (heating costs currently included in rent or heat service in someone else's name), multiply the amount on line 35 by 50% (.50). Enter here and on line 41. (If approved the final amount as shown on line 32 is issued as a check.) ..... 36. \_\_\_\_\_ .00
37. **ALTERNATE CREDIT.** Total heating costs from line 9 or \$1,404 (whichever is less) ..... 37. \_\_\_\_\_ .00
38. Multiply household income (line 30) by 11% (.11) ..... 38. \_\_\_\_\_ .00
39. Subtract line 38 from line 37. If line 38 is greater than line 37, enter "0" ..... 39. \_\_\_\_\_ .00
40. Multiply line 39 by 70% (.70) for alternate credit amount ..... 40. \_\_\_\_\_ .00
41. If you completed line 36, enter that amount here. Otherwise, enter the larger of lines 35 or 40 here.  
**You must also enter this amount on line 31 on the front of this form** ..... 41. \_\_\_\_\_ .00

**You must file this claim by  
September 30, 1999 to receive your credit.**

**Mail Your Claim To:**

Michigan Department of Treasury  
Lansing, MI 48956

Treasury field offices no longer prepare credit claims. **If you need help with your claim**, call 1-800-487-7000.

**Deaf, hearing or speech impaired persons** call 517-373-9419 (TTY).

**To Check On Your 1998 Credit**

Allow at least eight weeks for the processing of your 1998 credit before calling the Computerized Refund Information System (CRIS) at 1-800-827-4000. This number may be called 24 hours a day.

If you receive Family Independence Program assistance (FIP), State Family Assistance (SFA) or State Disability Assistance (SDA) and your heat is directly vendored, Treasury will send your credit directly to your heat provider.

**If you need more forms, call**

1-800-FORM-2-ME (367-6263).

Forms are also available on our web site at:

**www.treas.state.mi.us**

Use the tables below to see if you qualify for this credit. If you are eligible under both methods, claim the larger amount.

**TABLE A: Standard Allowance for the Standard Credit Computation**

Your Exemptions (from line 11.O)	Standard Allowance	Income Ceiling
0 or 1	\$312	\$ 8,914
2	420	12,000
3	528	15,086
4	635	18,143
5	743	21,229
6	851	24,314
	+108 for each exemption over 6	+3,086 for each exemption over 6

**TABLE B: Exemptions and Maximum Income for the Alternate Credit Computation**

Your Exemptions (from line 11.O)	Maximum Income
0 or 1	\$ 9,774
2 or more	12,764

**County Code Table**

01 Alcona	15 Charlevoix	29 Gratiot	43 Lake	57 Missaukee	71 Presque Isle
02 Alger	16 Cheboygan	30 Hillsdale	44 Lapeer	58 Monroe	72 Roscommon
03 Allegan	17 Chippewa	31 Houghton	45 Leelanau	59 Montcalm	73 Saginaw
04 Alpena	18 Clare	32 Huron	46 Lenawee	60 Montmorency	74 St. Clair
05 Antrim	19 Clinton	33 Ingham	47 Livingston	61 Muskegon	75 St. Joseph
06 Arenac	20 Crawford	34 Ionia	48 Luce	62 Newaygo	76 Sanilac
07 Baraga	21 Delta	35 Iosco	49 Mackinac	63 Oakland	77 Schoolcraft
08 Barry	22 Dickinson	36 Iron	50 Macomb	64 Oceana	78 Shiawassee
09 Bay	23 Eaton	37 Isabella	51 Manistee	65 Ogemaw	79 Tuscola
10 Benzie	24 Emmet	38 Jackson	52 Marquette	66 Ontonagon	80 Van Buren
11 Berrien	25 Genesee	39 Kalamazoo	53 Mason	67 Osceola	81 Washtenaw
12 Branch	26 Gladwin	40 Kalkaska	54 Mecosta	68 Oscoda	82 Wayne
13 Calhoun	27 Gogebic	41 Kent	55 Menominee	69 Otsego	83 Wexford
14 Cass	28 Gr. Traverse	42 Keweenaw	56 Midland	70 Ottawa	

Before you sign, please review your claim. Make sure your name, Social Security number and mailing address are on the form and that you have answered all the questions that pertain to you.

*I declare, under penalty of perjury, that the information in this claim and attachments is true and complete to the best of my knowledge.*

☐ *I authorize Treasury to discuss my claim and attachments with my preparer.*

☐ *Do not discuss my claim with my preparer.*

Filer's Signature

Date

Spouse's Signature

Date

*I declare, under penalty of perjury, that this claim is based on all information of which I have knowledge.*

Preparer's Signature, Address, Phone and ID No.

explanation and, if appropriate, reissue your credit in the form of a check.

If you receive FIP assistance or other FIA benefits and your heating costs are vendored, law requires that your credit be sent directly to your heat provider, who will then credit your account.

**If you rent and your heat is included in your rent, or your heat service is in someone else's name, you must check "yes" on line 4 and complete line 36 of the form in order to receive a check. Failure to do so will result in your credit being issued as a draft. You will then have to return the draft with a note of explanation to**

**Treasury. It may take 90 days or more before a check can be issued to replace the draft.**

If your credit claim is not processed within 45 days after you apply or if you are notified of denial, you have the right to a hearing.

## WINTER SHUTOFF PROTECTION PLAN

If you are eligible for a credit and you are a customer of an energy utility regulated by the Michigan Public Service Commission (MPSC), you can participate in the MPSC Winter Shutoff Protection Plan. Contact your utility company or the MPSC (1-800-292-9555) for details.

## LINE-BY-LINE INSTRUCTIONS

Lines not listed are explained on the form.

### IDENTIFICATION

**Lines 2 & 3:** Write your Social Security number(s) here even if using your label.

**Line 6:** If you lived in one of the care facilities listed in box 6 for all of 1998, you are not eligible for a home heating credit and should not file this form. If you are married and your spouse lived in a licensed care facility while you lived in your homestead, **do not check a box**. Also, do not check the "Licensed Home for the Aged" box if you live in subsidized senior citizen housing. See "Licensed Care Facilities" on page 4.

**Line 9:** If you checked "yes" on line 4, skip this line. Others, enter the heating costs you were billed from Nov. 1, 1997 to Oct. 31, 1998. Many fuel companies include the total heating cost for those 12 months on the October bill. If you cannot find your bills or the information is not on your October bill, call your heating company and ask.

**Line 11:** Exemptions. Check only the boxes that apply to **you and your spouse** as of December 31, 1998.

- Age 65 or older. You are considered age 65 the day before your 65th birthday. If you claim this exemption, you may not claim an exemption as a totally and permanently disabled person.
- Deaf. You qualify for this exemption if the primary way you receive messages is through a sense other than hearing (for example, lip reading or sign language).
- Disabled or blind. You qualify for this exemption if you are blind, hemiplegic, paraplegic, quadriplegic or totally and permanently disabled. Blind means your

better eye permanently has 20/200 vision or less with corrective lenses, or your peripheral field of vision is 20 degrees or less. Totally and permanently disabled means disabled as defined under Social Security Guidelines 42 USC 416. If you are age 65 or older, you may not claim an exemption as totally and permanently disabled.

- Unemployment compensation. Check this box if 50 percent or more of your combined federal AGI is from unemployment compensation. Your AGI is from your U.S. 1040, 1040A or 1040EZ.

### HOUSEHOLD INCOME

You must complete lines 13-30 on this form (MI-1040CR-7) even if you filed a homestead property tax credit claim (MI-1040CR or MI-1040CR-2). Include income earned by both spouses if you are filing a joint claim. See "Household Income" on page 3.

**Line 12:** If you claimed exemptions for children or dependent adults other than your spouse on lines 11K through 11N, enter the following information for each person claimed: name, relationship to you, Social Security number and age in years. For children 12 months and under, enter one year. You may attach an additional sheet if more space is needed.

**Line 13:** Enter all compensation received as an employee. Include strike pay, supplemental unemployment benefits (sub pay), deferred compensation received, sick pay or long-term disability benefits, including income protection insurance.

**Line 15:** Enter the sum of the amounts from the following federal forms: *Schedule C* (business income or loss); 4797 (other gain or loss); and *Schedule E* (rents, royalties,

partnerships, S corporations, estates and trusts). Include amounts from sources outside Michigan. Attach these schedules to your claim.

**Line 16:** Enter all annuity, pension and IRA benefits and the name of the payer. This should be the taxable amount shown on your *1099-R*. If no taxable amount is shown on your *1099-R*, use the gross amount. Also include the total amount of any lump sum distribution including amounts reported on your *4972*.

**Line 17:** Include the amount from U.S. *Schedule F* (farm income or loss). Attach *Schedule F*.

**Line 18:** Enter all capital gains. This is the total of short- and long-term gains, less short and long-term losses from your U.S. *Schedule 1040D*, line 17 (for gains) or line 18 (for losses). Include gains realized on the sale of your residence regardless of your age or whether or not these gains are exempt from federal income tax. Do not include deferred gains from the sale of a residence when the proceeds are reinvested in a new home (in accordance with Internal Revenue Code section 1034).

**Line 19:** Enter here and describe any other taxable income. This includes: alimony received; the amount over \$300 of awards, prizes, lottery, bingo and other gambling winnings (see Household Income, page 3); and farmland preservation tax credits, if not included in net farm income on line 17.

**Line 20:** Enter your Social Security, Supplemental Security Income (SSI) and/or Railroad Retirement benefits. Include death benefits and amounts received for minor children or other dependent adults who live with you. Report the amount actually received. Do not include the amount deducted for Medicare.

**Line 21:** Enter child support received. Also enter all care payments received as a foster parent. **Note:** If you received a *1998 Child Support Annual Statement* showing child support payments paid to the Friend of the Court, enter the child support portion here and attach a copy of the statement. Also see line 25 instructions.

**Line 23:** Enter other nontaxable income. This includes: compensation for damages to character or for personal injury or sickness; an inheritance (exclude an inheritance from your spouse); proceeds of a life insurance policy paid on the death of the insured (exclude benefits from a policy on your spouse); death benefits paid by or on behalf of an employer; the value over \$300 in gifts of cash, merchandise or expenses paid on your behalf (rent, taxes, utilities, food, medical care, etc.) from parents, relatives or friends; minister's housing allowance;

amounts paid directly to you as a scholarship, stipend, grant or GI bill benefits; and reimbursements from child and/or medical care spending accounts. Also include such payments made on your behalf except government payments made directly to an educational institution or subsidized housing project.

**Line 24:** Enter workers' compensation benefits received, service-connected disability compensation benefits and pension benefits received from the Veterans Administration. Veterans receiving retirement benefits should enter their benefits on line 16.

**Line 25:** Enter the total payments made to your household by FIA and all other public assistance payments. Your *1998 Annual Statement(s)* mailed by FIA in January 1999 will show your total FIA payments. Your statement(s) may include the following: Family Independence Program assistance (FIP), State Disability Assistance (SDA), State Family Assistance (SFA), Refugee Assistance, Repatriate Assistance and vendor payments for shelter, heat and utilities. **Note:** If you received a *1998 Child Support Annual Statement*, subtract the amount of child support payments entered on line 21 from the total FIA payments and enter the difference here.

**Line 27:** Enter here total adjustments from your U.S. *1040*, line 32, or U.S. *1040A*, line 17. Describe any adjustments to income. These adjustments reduce household income:

- payments to an individual retirement account (IRA), Keogh (HR 10), SEP, or SIMPLE plans;
- student loan interest deduction;
- medical savings account deduction;
- moving expenses;
- deduction for self-employment tax;
- self-employed health insurance deduction;
- forfeited interest payment for premature withdrawal;
- alimony paid.

Also enter the amount of a net operating loss (NOL) deduction. **Note:** A deduction for a carryback or carryforward of an NOL cannot exceed federal modified taxable income. Attach your *Application for Net Operating Loss Refund* (form MI-1045).

**Line 28:** Enter medical insurance or HMO premiums you paid for yourself and your family (NOT MEDICARE). Include medical insurance premiums paid through payroll deduction. Include the portion of auto insurance paid for medical coverage. Do not include any insurance premiums deducted on line 27 or amounts paid for income protection insurance.



**Line 30: Household Income** is not used to compute your income tax. It is used only to compute your credit(s).

**Line 32:** Multiply the amount on line 31 by 82 percent (.82), the percentage of federal home heating assistance funds available for this year, and enter here. This is the amount of your 1998 home heating credit.

### YOUR CREDIT

There are two ways to compute a home heating credit: the standard credit and the alternate credit. If you are eligible to claim either credit, figure your credit both ways and claim the larger amount.

**Lines 33 - 35: Standard credit.** See Table A on the back of form MI-1040CR-7 (in this booklet). Find the number of exemptions you are allowed and look across to the income ceiling amount. If your household income is less than this amount, you can claim this credit.

**Example:** You and your spouse have three dependent children, so you are allowed five exemptions. Your household income is \$15,000. This is less than the \$21,229 income ceiling for five exemptions. Complete the form using the standard credit method.

**Line 36:** If your heat is included in your rent or your heat service is in someone else's name at the time you file this claim, you must reduce your computed standard credit by 50 percent (.50). Multiply line 35 by .50. Enter this amount on lines 36, 41 and 31.

**Lines 37-40: Alternate credit.** If your claim is for less than 12 months or your heat cost is included with your rent, do not use this method. Otherwise, see Table B on the back of form MI-1040CR-7. If your household income is less than the maximum income for your number of Michigan exemptions, you may claim this credit.

**Example:** You are single, have one dependent child and your 70-year old father is also your dependent. You are allowed three exemptions. Your annual heat costs were \$1,100, and your household income is \$5,500. This is less than the \$12,764 maximum income for 3 exemptions.

**Line 41:** If you completed line 36, you must enter that amount here. Otherwise, enter the larger amount from line 35 or line 40. Then enter this amount on line 31 on the front of your MI-1040CR-7.

### A NOTE ABOUT DEBTS

Michigan law requires that any money owed to the state or other agencies be deducted from your credit before it is issued. This includes money owed for past due taxes, school loans, child support due the Friend of the Court, an IRS levy, money due a state agency, a court-ordered garnishment or other court orders. Taxpayers who are married, filing jointly may receive a computer-generated *Income Allocation to Non-Obligated Spouse C-4297*. If Treasury applies all or part of your refund to any of these debts, you will receive a letter of explanation.

**Mailing instructions are on the back of your  
MI-1040CR-7 form and on page 2 of this booklet.**

### YOU MAY BE ELIGIBLE FOR HELP WITH DAY CARE COSTS

If your family income is at or below levels established by the Michigan Family Independence Agency (FIA), you may be eligible for help with day care costs. For example, a family of three with an income of less than \$26,000 qualifies for partial payment of day care costs. Contact any FIA office for additional information and an application.

We no longer print your Social Security number on the mailing label. Instead, for security reasons, a 10-digit code number appears on the label. Review this label. If the information is correct, place the label on your claim. **If any information is incorrect, do not use this label.** Write the correct information on the return. If you use a tax preparer, take this book to your preparer and ask him or her to use this label. Using this label will speed the processing of your refund.

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## TREASURY FIELD OFFICES

**Treasury field offices no longer prepare tax returns. If you need help, call the main office in Lansing.**

### Main Office:

**LANSING, 48922**  
Treasury Building  
430 W. Allegan St.  
1-800-827-4000 (refunds)  
1-800-487-7000 (information)

**Deaf, hearing or speech impaired persons** call 517-373-9419 (TTY).

### Other Offices:

**DETROIT, 48226**  
State of Michigan Plaza Building  
1200 6th St., 2nd Floor, N. Tower

**ESCANABA, 49829**  
State Office Building, Room 7  
305 Ludington St.  
(open 8 - 12 only)

**FLINT, 48502**  
State Office Building, 7th Floor  
125 E. Union St.  
(closed 12 - 1)

**GRAND RAPIDS, 49503**  
State Office Building, 3rd Floor  
350 Ottawa St., NW

**KALAMAZOO, 49005-0286**  
535 S. Burdick St., Ste. 197  
(closed 12 - 1)

**PONTIAC, 48342**  
100 N. Saginaw St., Upper Level

**SAGINAW, 48607**  
State Office Building, 4th Floor  
411-I E. Genesee St.  
(open 8 - 12 only)

**TRAVERSE CITY, 49684**  
701 S. Elmwood Ave., Box 14  
(open 8 - 12 only)